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FARM CREDIT LEGISLATION IN CANADA

R.S. Rust

Economics Branch
Canada Department of Agriculture
Ottawa

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PREFACE

In this publication the development of agricultural credit legislation in Canada is briefly described, and summaries of all federal and provincial farm credit legislation presently in force are presented. The purpose of the publication is to provide a convient reference to the essential features of agricultural credit acts and to describe these features in a manner which will be meaningful to all readers. As a consequence, many minor details of the acts and much of the legal terminology in the acts has been purposely omitted. Where necessary, the reader should refer to the appropriate statutes.

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INTRODUCTION

The economic growth of Canada depends to a large extent on how well resources are utilized. Credit facilities play a crucial role in the flexibility and mobility of resources, in bringing them to their fullest possible development, in increasing productivity and in raising levels of living. Agricultural development, an essential component of the nation's economic growth, depends considerably on the credit facilities that are available to farmers at reasonable cost. The important part that credit plays in the development of efficient, economic farms makes it essential that farmers and others concerned with the welfare of agriculture be aware of the conditions under which farm credit is available through government-sponsored credit programs.

We have had the problem of farm financing in Canada ever since the early days of settlement, but it did not get much attention from the federal or provincial governments until after World War I when increasing land values began to make farm ownership difficult. During the war period, wheat acreage in the Prairie Provinces rose from 10 million to 22 million acres. This rapid expansion in acreage created an especially strong demand for farm credit. The demand was met, for the most part, by mortgage, loan and insurance companies at what some people considered to be "extremely high" interest rates. These high rates and a general lack of provisions in the mortgage agreements for premium adjustments in years of low farm incomes made it very difficult for many farmers and impossible for others to meet their mortgage commitments. In an attempt to remedy this situation several provinces established their own farm credit agencies during the 1920's. The federal government entered the long-term farm credit field in 1927 with the passing of the Canadian Farm Loan Act. In the years immediately following, the lack of provincial enabling legislation prevented the loaning authority, the Canadian Farm Loan Board, from starting operations in many provinces. This problem was not overcome until 1935. While the provincial farm credit agencies gradually ceased operations, the Quebec Government entered the field with the passing of the Quebec Farm Credit Act in 1936.

The period of credit expansion in agriculture continued until 1930, when, as a result of low yields and low prices, farm incomes were insufficient to meet mortgage payments. In an attempt to forestall widespread foreclosures and the dispossession of farmers, the governments of the three Prairies Provinces passed moratoria and debt adjustment legislation. In 1934, the federal government passed the Farmers' Creditors Arrangement Act. This legislation, and later amendments, provided for compulsory adjustment between debtors and creditors. The decisions of the Board of Review which was set up under this Act usually scaled down farm debts to the capacity of the debtor to pay. As a consequence of these federal and provincial legislative actions, the debts of many farmers were either reduced or put on a crop-share basis. The debt adjustment legislation, and prospects of low farm incomes in the immediate future, led to a withdrawal of mortgage companies from the farm credit business. For most companies the withdrawal was permanent. It is estimated that less than 1 per cent of the farm credit extended in 1965 came from mortgage, loan and insurance companies.

The rapid changes brought about by World War II conditions, and by the postwar years, put increasing pressure on both the federal and provincial governments for greater participation in the farm credit field. Capital requirements for the purchasing and developing of economic farm units increased very rapidly. At the same time, a large part of the agricultural labor force left the rural areas to join the armed forces or take up residence in urban centers. For the most part, this labor force did not return to farms after the war. Meanwhile, the migration of rural youth away from farms to cities and towns steadily increased. The shortage of farm labor and the demand for agricultural products for the war effort made it imperative that farmers be provided with intermediate-term credit for the purchase of machinery, livestock and other essentials. The federal government met this need with the enactment of the Farm Improvement Loans Act in 1944. To assist those war veterans who wished to return to farming, the federal government had also passed the Veterans Land Act in 1942. Under the regualtions pertaining to this Act supervision of farm loans was introduced. An amendment to the regulations in 1947 made it possible for repayments to be based on crop yields.

Despite a decrease in the size of the labor force in agriculture during and after World War II, new types of machinery and improved technological developments resulted in increased production per farm. However, the costs of production, machinery costs especially, increased rapidly and, with a less rapid increase in farm prices, led to increased pressure for the enlargement of farms. In many cases, enlargement by the purchasing of more land was the only solution to maintaining an economic farm unit. In 1941, the average size of farms in Canada was 237 acres. By 1951, this had increased to 279 acres; by 1961, it averaged 359 acres and in 1966 was 404 acres. The steady expansion in farm size increased the demand for, and the price of land in many areas. This, together with the increased cost of livestock, machinery, and other farm equipment, made it extremely difficult for young farmers to get established. Whereas the estimated value of farm land, buildings, machinery and livestock on Canadian farms averaged only $6,600 per farm in 1935, it increased to $9,244 in 1945, $18,730 in 1955, $39,235 in 1965 and $44,517 in 1966. These average values are deceptively low since they include a large number of uneconomic farm units.

To meet the growing needs of agriculture, the federal government passed amendments to the Veterans' Land Act which increased the maximum assistance from $3,600 to $4,800 in 1943, to $6,000 in 1946, to $10,500 in 1954, to $20,000 in 1959 and finally to $40,000 in 1965. Under the Farm Improvement Loans Act of 1944, farmers could obtain loans up to $3,000. This maximum size was increased to $4,000 in 1953, to $5,000 in 1956, to $7,500 in 1959 and to $15,000 in 1964. The maximum size of loan made by the Canadian Farm Loan Board was increased from $6,000 to $10,000 ($12,000 when second mortgages were included) in 1952, and to $15,000 in 1957. Under its successor, the Farm Credit Corporation, maximum loans were raised to $27,500 in 1959, and to $55,000 in 1964.

During the 1950's, most of the provincial governments as well as the federal government became increasingly aware of shortcomings in the existing farm credit legislation. New farm credit legislation was passed by Ontario in 1952, Newfoundland in 1953, Nova Scotia in 1954, Alberta in 1957, Manitoba in 1958 and Prince Edward Island, Saskatchewan and the federal government in 1959. Amendments to existing farm credit legislation were made in both New Brunswick and Quebec during this period. The federal government's Farm Credit Act of 1959 superseded the Canadian Farm Loan Act, and under the authority of the Farm Credit Corporation authorized farm loans up to a maximum of $20,000, or up to $27,500 providing applicants did not obtain further loans from the Farm Improvement Loans Acts and could meet other conditions. In the new federal Act and some of the provincial Acts, provisions were made for supervised loans. Federal regulations were also revised to enable farmers in Western Canada to make loan repayments according to their annual crop yields.

During the first seven years of the 1960's, the amount of capital required to operate and maintain economic farm units greatly increased. Increased land prices, the need to expand the size of many farms and further mechanization of farm operations all contributed to a growing demand for large farm loans. As a result, the maximum size of most federal and provincial mortgage loans to farmers was substantially increased. A greater awareness of the gaps and short-comings of government farm credit policies was reflected in the numerous amendments to farm credit legislation that occurred.

It is currently estimated that federal and provincial government agencies provide between 55 and 70 per cent of the long-term credit supplied to farmers. The exact percentage depends largely on the amount of such credit that is attributed to the value of land mortgages and land sale agreements held by former farm operators. These former farmers are second in importance to government agencies as a source of farm mortgage credit.

Several provincial farm credit agencies make direct intermediate-term loans to farmers. However, the total amount of such loans has not been significant. The federal government and several provincial governments guarantee or otherwise encourage the disbursement of intermediate-term loans to farmers by specified financial institutions.

Both the federal and provincial governments have for the most part avoided direct participation in the short-term credit field. This type of credit is mainly supplied by banks, credit unions, farm supply companies, private individuals, dealers and agents.

The total amount of credit extended to farmers by all government agencies is presently estimated to represent about 15 per cent of all credit used annually by farmers. However, because of the extensive participation of government agencies in farm mortgage credit, over 30 per cent of all farm debt is presently outstanding to these agencies.

FEDERAL FARM CREDIT LEGISLATION[1]

Veterans' Land Act 1942 (as amended 1965). The Veterans' Land Act makes provision for qualified World War II and Special Force (Korea) veterans to settle on land in Canada as full-time farmers, or as part-time farmers (small holders), or to establish themselves as commercial fishermen. The Act has three main parts, of which Part I and Part III provide for farm credit. To participate in the benefits of the Act, veterans must qualify before October 31, 1968. Financial assistance for new establishments under the Act must be approved prior to March 31, 1974. Additional loans may be approved up to March 31, 1977.

Under Part I of the Act three main types of credit assistance are available to qualified veterans. Loans made under the three types are for a period up to 30 years with interest at 3 1/2 per cent. The first two types also include a conditional grant if the veteran fulfills his contract for the first 10 years. The first type of loan under Part I authorizes the purchase and resale to a veteran of land, to which the Director of the Veterans' Land Act holds title, permanent improvements, livestock and equipment up to a value of $6,000. Of this amount, up to $1,200 may be used for the purchase of livestock and equipment. The contract sale price to the veteran for his purchases, in addition to his down payment of 10 per cent for land, and improvements, is two-thirds of the amount used for the purchase of land and buildings and for effecting improvements. The remainder of the expenditures for land and improvements (23 1/3 per cent), plus any amount used for the purchase of stock and equipment up to $1,200, is a conditional grant and need not be repaid if the veteran fulfills the terms of his contract for 10 years.

The second type of assistance under Part I of the Act makes available loans up to $5,800 to veterans who have farm rental or purchase agreements that are satisfactory to the Director. Under this contract, up to $3,000 of the $5,800 may be used to purchase livestock and farm equipment. The veteran is required to make a down payment of 20 per cent of the total cost of the livestock and farm equipment to the Director. He must also sign a contract covering 40 per cent of such costs, payable within 10 years. On land, improvements and building materials, the veteran must also make a down payment of 10 per cent of their total cost to the Director. He is required to sign a contract, covering 50 per cent of these costs, payable over a period not exceeding 30 years. In each case, the remaining 40 per cent of the purchase price is non-repayable provided the veteran fulfills the terms of his contract for 10 years. The interest rate on the repayable amounts of both contracts is 3 1/2 per cent.

In both the foregoing types of loans, the Director of the Veterans' Land Act purchases land, livestock, and farm equipment and effects permanent improvements. Sale is then made to the veteran under Agreement for Sale.

The third type of loan under Part I of the Act provides advances to qualified veterans who own and operate their own land. Loans may be made up to $4,400 for a period not exceeding 30 years for the discharge of encumbrances on farm land, purchase of livestock and farm equipment and for effecting farm improvements. The interest rate is 3 1/2 per cent. The total advance under this provision cannot exceed 60 per cent of the value of the land. Loans for the purchase of livestock and farm equipment cannot exceed 50 per cent of the land value and cannot exceed $2,500. Security is taken by a first mortgage on land. Unlike the previously discussed types of Part I loans, no conditional grant is involved in the contract.

Under the latest amendments to the Act, the loan ceiling for commercial family farms under Part III of the Act has been increased to $40,000, less any outstanding indebtedness of Part I or Part III existing loans. To be eligible for Part III loans, veterans must have an existing Part I contract or apply for both contemporaneously. Loans, however, shall be limited to 75 per cent of the security held by the Director or the debt-carrying capacity of the property under the veteran's management, whichever is the lesser. Security may consist of land, basic herd livestock and farm equipment, provided the security in land is not less than 60 per cent of the total security held. The interest rate of such Part III loans is 5 per cent on that portion of the loan representing the difference between the outstanding debt under Part I and $20,000, and on the portion of the loan in excess of $20,000, the current interest rate applicable to loans in excess of $20,000 under the Farm Credit Corporation (August 1967 6 3/4%). This farm credit may be used to purchase land, basic herd livestock and farm equipment, to pay for improvements, or to repay any reasonably incurred debts.

[1] Specific legal identification of each Act has been purposely omitted. The first date shown after each Act indicates the year in which the legislation was originally passed. In those cases where provincial statutes have been revised since the passing of an Act, the abbreviation R.S. and date are given. The last date given refers to the most recent amendment to the Act or in some cases to an important change in the regulations pertaining to the Act. Most provincial Acts pertaining to farm credit have been amended several times since coming into force.

In addition, loans are now available for the development on the farm of secondary enterprises not necessarily related to farming. The operation of such enterprises must be confined to the veteran or members of his immediate family living with him.

Veterans settled on small family farms may receive loans of $18,000, less the amount owing under previous loans. Loans to small family farmers may be advanced for the same purpose as for commercial family farms. These loans are normally limited to 75 per cent of the market value of the land held as security although under certain circumstances loans up to 90 per cent of the market value may be made where adequate and acceptable additional security is available. The interest rate on these loans is 5 per cent.

Repayment periods of up to 30 years may be approved on each loan made under Part III of the Act. This 30-year period is applicable to any balance of previous loans remaining unpaid at the time of the making of any loan. Financial assistance available to part-time farmers under Part I is basically similar to that provided full-time farmers although mortgage loans are not encouraged. Part III assistance is limited to $10,000, of which the veteran is required to provide in cash or equity, one dollar for each five dollars borrowed.

Veteran farmers may repay their indebtedness by way of a crop payment plan which provides for delivery of a share of the crop from a specified number of acres each year. A capital revolving fund of 530 million dollars provides a basis for loaning activity under the Act.

Farm Credit Act 1959 (as amended 1966). This Act succeeded the Canadian Farm Loan Act of 1927. It is administered by the Farm Credit Corporation. The head office of the Corporation is in Ottawa and branch offices are located in Kelowna, Edmonton, Regina, Winnipeg, Toronto, Quebec and Moncton. The stated objective by which the Corporation is guided is to

> ...assist competent Canadian farmers in the voluntary re-organization of their industry into economic family units each of which will be of sufficient size to produce, under the operation of its owner, the farm income necessary to meet all operating and maintenance costs, provide an adequate livelihood for the owner and his dependents and to retire any required credit, with interest, within an appropriate term.

Loans made by the Corporation may be used for the following purposes: (1) to acquire land, (2) to purchase fertilizer, seed, basic-herd livestock, tools, machinery and any implements and equipment necessary for the efficient operation of the mortgaged farm, (3) to erect farm buildings or to clear, drain, irrigate, fence or make any other permanent improvement to the mortgaged farm or to other land used by the borrower as part of his farming enterprise, (4) to discharge liabilities, to pay operating costs and the costs of maintaining the farmer and his family for such period as in the judgement of the Corporation is necessary for the establishment of the farming enterprise in respect of which the loan is made, (5) to assist in the development on the mortgaged land of a secondary, non-agricultural enterprise provided this is the most profitable use of the land, or (6) for any purpose that in the judgment of the Corporation is necessary for the efficient operation of the mortgaged farm or that will increase the value of the farming enterprise in respect of which the loan is made.

Before making loans, the Corporation must satisfy itself that each prospective borrower has a definite plan which has a good prospect of enlarging or reorganizing the farm into an economic farm unit. The Corporation may make loans of two different types. The first type (Part II of the Act) enables a farmer to borrow up to $40,000 for a 30-year period if this amount is not over 75 per cent of the appraised productive value of the land, including any land purchased by the loan. The loan may be made to enable the borrower to acquire land or to advance money to a person who is a son, son-in-law, daughter, daughter-in-law, nephew, niece, brother, sister or a stepchild or foster child of the borrower so that he or she may acquire farm land. To qualify for a Part II loan an applicant's principal occupation must be farming and he must own or propose to purchase a farm to be mortgaged and actually be engaged in or be about to become engaged in operating a farm. An appraisal fee of $10 at the time of each application for a loan, plus a further fee equal to two-fifths of 1 per cent of the amount of the loan, must be deducted from the loan at the time of disbursement. The second type (Part III of the Act) is designed to cover the long- and intermediate-term credit needs of young farmers starting farming with a limited supply of capital. In this case, the loan cannot exceed $55,000 or 75 per cent of the appraised value of the farm lands, basic herd livestock and necessary farm equipment. The receiver of such a loan must be at least 21 years of age and must not have reached his 45th birthday. In addition the applicant is required to have at least five years of farming experience.

The applicant for a Part III loan must submit for approval a plan of his farming operations. When approval of a plan is given by the Corporation and a loan made, the applicant undertakes to follow the established plan. A loan of this type involves supervision and inspection of the farmer's operations by a representative of the Corporation until the principal amount of the loan outstanding has been reduced to 75 per cent of the appraised value of the land. The recipient of a Part III loan is required to submit annually to the Corporation a net worth statement, a statement of revenues and expenditures, as well as any other information which may be requested. There is a supervision fee of $25 a year until the loan is reduced to 75 per cent of the appraised value of the farm. This type of loan requires that the borrower carry life insurance covering the amount owed to the Corporation. Borrowers under Part II of the Act may, at the time of applying for a loan, elect to take out similar insurance subject to their being accepted by the insurance company. Premiums are paid through the Corporation into a group policy. All Part III loans secured by land and chattels are repayable within 30 years. Except with the approval of the Corporation, a borrower under Part III of the Act is not eligible for a loan under the Farm Improvement Loans Act unless the principal amount of the loan still outstanding is less than 75 per cent of the appraised value of the land. In addition, a fee equal to one-half of 1 per cent of the amount of the loan or $200, whichever is the lesser, is deducted from the loan at the time of disbursement. Provision is also made in the Act for making loans to family farm corporations and to co-operative farm associations.

The interest rate on Part II loans up to $20,000 and on Part III loans up to $27,500 is 5 per cent. On Part II loans exceeding $20,000 and Part III loans exceeding $27,500, the interest rate on that part of a loan exceeding these amounts is prescribed by the Corporation. This rate must be such that it will cover the total cost to the Corporation, including a "reasonable" reserve against loss. The loans are repayable in equal annual or semi-annual installments. Where a borrower is principally engaged in producing wheat, oats, barley, flax, rye or rape seed and is located in the spring wheat area, the Corporation may enter into a crop-share agreement with the borrower. This applies only to the Prairie Provinces and the Peace River Block of British Columbia. Such agreements alleviate the difficulty farmers have in making substantial payments on loans in those years when yields are well below average. In the case of wheat, for example, no delivery is required if the yield is 6 bushels or less per seeded acre. For a yield over 6 bushels and up to a maximum of 18 bushels per acre, one-half of the crop must be delivered to the order of the Corporation. The proceeds from such crop-share deliveries are credited to the mortgage account. No crop share is required of that part of the yield over 18 bushels per seeded acre. The share due from coarse grains and oil seeds is calculated on a proportionate value basis. Where the farmer wishes to retain all or part of the Corporation's share of his grain or feed, he may pay the Corporation its value in cash.

The Farm Credit Corporation is financed by the federal government out of the Consolidated Revenue Fund. The amount of this financing (presently $40 million) is set by Act of Parliament and constitutes the capital of the Corporation. In addition, the Corporation may borrow from the Minister of Finance out of the Consolidated Revenue Fund. The aggregate amount of such loans cannot exceed 25 times the capital of the Corporation.

Farm Improvement Loans Act 1944 (as amended 1964). The aim of this legislation is to improve and develop farms by enabling the farmer to equip his farm with modern labor-saving equipment, to secure more and better livestock for breeding purposes and to make such other improvements as will bring the farm up to its maximum productivity. Improvement of farm living conditions, particularly in the farm home, is also a major objective.

All loans under the Farm Improvement Loans Act are made by the chartered banks. The principal amount of a loan, together with the amount owing in respect of other Farm Improvement loans previously made to the borrower, cannot exceed $15,000. The repayment period for machinery loans cannot exceed 5 years, and loans made for the purchase of motor trucks are restricted to a maximum period of 2 1/2 years. For other loans the repayment period is from 1 to 10 years and is left to the discretion of the banks. Security for loans is taken under Section 88 of the Bank Act. The interest rate is 5 per cent.

The chartered banks provide their own financing but are protected by a federal government guarantee which provides for payment of claims in an amount not to exceed 10 per cent of the amount lost by a bank during any lending period. The over-all liability of the federal government is limited to a maximum amount which may be lent by all banks collectively in a statutory lending period. The present maximum is set at $700,000,000 and covers the three years July 1, 1965, to June 30, 1968.

Farm Machinery Syndicates Credit Act 1964. This Act is administered by the Farm Credit Corporation. The Act provides that no less than three persons who are independently engaged in farming or who are members of a co-operative farm association and where the principal occupation of the majority of the applicants is farming may, after forming a farm machinery syndicate, apply to the Corporation for a loan to purchase farm machinery.

The amount of the loan cannot exceed 80 per cent of the actual price, to the farm machinery syndicate, of the farm machinery to be purchased. The total amount outstanding to such a syndicate cannot exceed an amount equal to the amount obtained when $15,000 is multiplied by the number of members in the syndicate at the time the loan is made or $100,000, whichever is the lesser.

Loans are repayable by the syndicate in annual or semi-annual installments of principal plus interest for a period not exceeding 7 years. The term of repayment depends on the type of machine purchased and on the expected life of the machine.

The interest rate on loans is prescribed by the Corporation. This rate must be such that it covers the cost of money advanced to the Corporation plus the cost of administering the loan, together with a reasonable reserve against possible loss. At the time of making a loan, there is a service charge made equal to 1 per cent of the amount of the loan.

Agricultural and Rural Development Act 1961 (as amended 1966). This Act is administered by the Minister of Forestry and Rural Development. Under the Act, and particularly through the regulations pertaining to the Act, loans may be made to farmers having at least minimum assets for farming and having demonstrated or potential managerial ability for the operation of an economic farm unit. Such loans must be for the purchase of lands, which are contiguous to the applicant's present holdings and of such a nature that the farmer can develop an economic unit out of his combined holdings. Such loans only apply to areas where a special comprehensive farm enlargement and consolidation program has been agreed upon with the province concerned.

The loans made are not to conflict with or duplicate existing loan programs of either the federal or provincial governments. Under the Act, such loans are made jointly by the federal and a provincial government. Since the implementations of the ARDA program is, by agreement, the responsibility of the respective provinces, applications for loans must be made through the designated provincial agency.

PROVINCIAL FARM CREDIT LEGISLATION

British Columbia

Farmers' Land Clearing Assistance Act 1948 (R.S. 1960 regulations as amended 1967). This Act is administered by the Minister of Agriculture. Under the Act, and especially through the regulations pertaining to the Act, owners or occupiers of land suitable for farming may apply for assistance in clearing and in developing land. Evidence must be given that the improvements will be beneficial to the farming of the land. The applicant must be actively and primarily engaged in farming or in purchasing, pre-empting or leasing land to be cleared and developed, he must be in residence on such lands or on nearby farmlands. The applicant must have sufficient farming experience and financial resources to make profitable use of the land after it is improved or developed. The health and age of the applicant is also considered before granting a contract.

When the farmer makes full payment on completion of clearing and developing of the land the maximum sum of the contract, including the cost of any services, work, materials and equipment supplied or used, cannot exceed $5,000. When the contract requires that the farmer pay 15 per cent of the total cost prior to clearing and developing, the total cost of the development and clearing, including all other costs, cannot exceed $5,882. Where the contract requires that the farmer pay 25 per cent of the total cost prior to the clearing and developing, the total cost of the clearing and developing, including all other costs, cannot exceed $6,667.

The operations must be supervised. Repayment is by equal annual installments, over a period of 15 or 20 years, depending on the type of contract granted. The interest rate is 4 per cent.

Distress Area Assistance Act 1956 (R.S. 1960). Under this Act the Lieutenant-Governor in Council may authorize the Minister of Agriculture to enter into an agreement with the federal government to share equally in a guarantee to a bank against loss from loans made to a farmer in a distress area under the Federal Farm Improvement Loans Act. Such farm loans are for the purpose of replanting crops or for purchasing feed as a result of abnormal conditions. Provision is also made for the authorization of the Minister of Agriculture of British Columbia to enter into an agreement with a bank whereby the province will guarantee the bank against such part of the losses as determined by the Lieutenant-Governor in Council. The maximum loan is $5,000. The interest rate on these short-term loans is presently 6 per cent.

Alberta

Farm Purchase Credit Act 1957 (repealed and re-enacted 1963, as amended 1966). The Farm Purchase Credit Act, 1963, established the Alberta Farm Purchase Board. Local Advisory Committees in each county accept and process applications. Recommended loans are forwarded to the Central Board for consideration. Approved loans are processed and administered by the Board. However, the local Committee may be called upon for advice or assistance in dealing with problems which may arise. The objective of the Act is to assist farmers in acquiring efficient economic units. Loans may be used to make an initial purchase or to enlarge an existing farm. An applicant must be a Canadian or a British subject, must have lived in Alberta for three years out of the five years immediately preceding loan approval, and must have had three years of farming experience. In addition, the farm equipment necessary to operate the farm must be available, and the applicant is required to be, or become, a bona fide farmer. The age restriction for applicants is from 21 years to 55 years.

Under the terms of the Act, the purchaser must make a down payment of 20 per cent of the purchase price of the property to the Alberta Farm Purchase Board. The maximum loan provided by the Board is $24,000 or 80 per cent of the selling price, whichever is the lesser amount. The maximum value of farm land owned and to be purchased by the applicant cannot exceed $50,000. Security is by agreement for sale. The repayment period may be for a period up to 20 years. Loans must be paid, however, before the applicant's sixty-sixth birthday. The interest rate on a loan, including life insurance for the amount of the liability is 5 per cent.

The Alberta Farm Purchase Board is financed by advances from the provincial government to a Farm Purchase Revolving Fund. The Board is guaranteed against loss by an agreement between the Provincial Government and local municipal or county governments.

Homestead Lease Loan Act 1955 (as amended 1966). This Act is administered by the Homestead Lease Loan Advisory Board. The Act provided provincial authority to establish the Homestead Lease Loan Fund from which the Board may authorize loans up to $2,000 to a farmer for the clearing and breaking of land. The length of term on such loans is 10 years and the interest rate is 3 1/2 per cent. On overdue annual installments the rate is 4 1/2 per cent.

Farm Home Improvements Act 1959. By this Act the Provincial Government guarantees to pay any bank or Treasury Branch that makes a loan to a farmer for home improvements, the amount of any loss sustained on the loan up to 50 per cent of the amount of the loss. The guarantee only applies where it is established that the principal amount of the loan, together with the amount owing in respect to other loans made to the farmer and guaranteed under this Act, do not exceed $2,000. The principal amount of the loan is repayable within 10 years and in installments of not less than $100 each year. The rate of interest on such loans cannot exceed 5 per cent.

Loans may be used for such improvements as water systems, sewage systems, central heating systems, insulation, concrete basements, new floors, new roofs, new siding, painting, interior decorating, remodeling and additions to houses for the installation of bathrooms.

Feeder Associations Guarantee Act 1937 (R.S. 1955, as revised 1964). The provisions of this Act guarantee 25 per cent of losses sustained by any person making loans to a feeder association. The applicant must be a bona fide farmer and a member of a feeder association, must have an adequate feed supply and must submit a deposit as set down in an established schedule. He can obtain $3,000 in his first and $6,000 in his second year of feeding. Loans are repayable within 12 months. The maximum guarantee per association is $500,000 at any one time, while the maximum limit per individual member is $6,000. There are two types of guarantees available to feeder associations. The first requires the association to clear its books once per year. The second type is a continuous guarantee but has similar security conditions. Where feeder associations operate under a continuous guarantee, the livestock feeder must make a deposit of from $200 to $450. The size of the deposit varies with the size of the loan. A feeder must also clear his account with the association once per year.

Saskatchewan

Family Farm Credit Act 1959 (R.S. 1965 as amended 1965). The Family Farm Credit Act is administered by the Co-operative Trust Company. The purpose of this legislation is to provide a source of credit for the purchase or development of economic farm units. Loans cannot exceed $25,000 and are not available to farmers whose assets exceed $35,000. The main security is on land; however, under certain conditions chattel mortgage security may be taken. The term of the loan may be up to 30 years if the applicant is less than 40 years of age. If the applicant is over 40, the term of the loan will be of shorter duration. The interest rate, which includes life insurance coverage, has to cover the cost of money to the Company plus administration costs.

An applicant must have resided in Saskatchewan for three years prior to his application for a loan, must have the necessary equipment to operate his farm and must have farming experience. Counseling service is available to all recipients of loans. If payments are in default, counseling service becomes compulsory. The finances for making farm loans are obtained by the Co-operative Trust Company by selling securities. These securities are backed by the government and yield a 5 per cent interest. Since its inception, more than $7,000,000 has been loaned under this Act.

The provincial government guarantees losses, if any, suffered by the Company from loans made under this Act, up to 10 per cent of the total amount of the loans made. In 1966, practically no use was made of this legislation.

Family Farm Improvement Act 1960 (as revised 1963). By this Act, the Family Farm Improvements Branch is authorized to provide technical, construction and installation services, and financial assistance for the development, improvement and modernization of farmsteads through the installation of water and sewage systems and the relocation of farm buildings with a view to improving access to water supplies, roads, schools, school bus routes, power and telephone lines and other rural services. Materials are provided and construction carried out by the Branch before farmers are billed for the cost. The Act also provides guarantees covering 10 per cent of any losses sustained by Credit Unions during a calendar year, if they result from farm loans made for the installation of water and sewage systems.

Manitoba

Agricultural Credit Act 1958 (as amended 1967). The Agricultural Credit Act is administered by the Manitoba Agricultural Credit Corporation. The Corporation makes loans under this Act for the purposes of developing and perpetuating economic family farm units. It is designed especially to assist in the transfer of family farms from father to son and to assist in the enlargement or conversion of family farms that are uneconomic into economic units.

Under Part I, the Corporation may make loans up to 80 per cent of the appraised value of the security to a maximum of $30,000. Sixty per cent of the security must be in land. Under certain circumstances 40 per cent of the security may be in livestock but only 20 per cent in equipment, or 20 per cent in equipment and 20 per cent in livestock. The applicant must have been residing in Manitoba for three years before his application for a loan. The repayment period is up to 30 years. The age limit at the date of application is 21 to 60 years, except for a father and son or father-in-law and son-in-law partnership in which case the age limit is 65 years. The interest rate has to exceed the cost of the money to the provincial government by 1/4 per cent. There is a provision, however, that young farmers (21 to 35 years of age) are to be charged 1 1/2 per cent less than the established rate from the date of disbursement of a loan to the following November, plus an additional 5-year period. After this period has elapsed, the rate is the same as for other farmers for the remaining years of the repayment period. The interest rate may vary from time to time at the discretion of the Board of Directors but must be within the limitations set out in the Act. The 1967 rate for other than young farmers was 6 1/4 per cent.

Part II has as its objectives the expansion and improvement of cattle herds in the province. Qualifications for applicants as to residency and experience are the same as in Part I. Under this section, the Corporation may make loans up to a maximum of $10,000 for a period of up to 10 years for the purchase of cattle for breeding herds or when it is carried out in conjunction with a herd expansion program. Loans may also be used for hay or pasture improvement of a permanent or semi-permanent nature, including the provision of water supply and fence construction, erection of and additions to buildings and purchase of equipment, provided they are related to the cattle enterprise. Security is taken only on the breeding herd and is by means of a chattel mortgage. No loan is approved in excess of 65 per cent of the value of the cattle offered as security. This value is the lesser of the current market value and the average market value for cattle during the preceding seven years. The interest rate is the same as in Part I.

Each applicant for a loan must have and use a registered brand, a registered tattoo or some other identification approved by the Corporation on all of his cattle before a loan can be approved. Applicants must be in the 21- to 60-year age bracket, and the terms of the loan must provide that the loan is paid in full before the borrower reaches 65 years of age.

Where the applicant is not the owner of all or part of the land to be used for raising and providing for his herd, he must satisfy the Corporation that he has security of tenure by way of lease on land not owned for at least the period of repayment of his loan.

An applicant is eligible to apply for both a Part I and a Part II loan, but the total loan must not exceed $30,000. Expenditures, collections, and the planning and construction of buildings are supervised. The recipient of a loan must make farming his main occupation.

The Manitoba Agricultural Credit Corporation is financed directly by the provincial government.

Ontario

Junior Farmer Establishment Act 1952 (R.S. 1960, as amended 1965). Under this Act, The Ontario Junior Farmer Establishment Loan Corporation makes loans to qualified junior farmers, to owners of family farms and incorporated family farms where one of the family members is a junior farmer, and to farmers who operate a farm as a partnership where one of the partners is a junior farmer.

Applicants must be at least 21 but not over 35 years of age. Three years of residence in Ontario is required immediately preceding the application. All applicants must have at least three years of farming experience and show intent to farm on a full-time basis. If a farmer does not qualify for a loan because of his age, his wife, if eligible, may apply for the loan. Loans are made to assist in the establishment, development and operation of farms. All loans are secured by first mortgages and must not exceed 80 per cent of the appraised value of the land and buildings. The maximum loan is $40,000. The interest rate is 5 per cent. Interest only is payable on the first payment date; thereafter the loan is repayable in annual installments of principal and interest, sufficient to discharge the debt at the end of such period as is agreed upon, but no loan may be made for more than 30 years. Payments on account of the loan, in addition to those provided for in the mortgage, may be made at any time.

The Act also makes provision for the provincial government to guarantee bank loans made to junior farmers for the establishment, development and operation of their farms. A qualified junior farmer who has a loan from the Corporation may apply to a bank for a loan of up to $5,000 for operating expenses at the current rate of bank interest repayable within 10 years. The Province of Ontario may guarantee payment of losses sustained by a char-

tered bank as a result of such loans in an amount not exceeding 10 per cent of the aggregate principal amount of the bank loans. In the case of a family farm or an incorporated family farm, the guaranteed bank loan can be for as much as $10,000.

Under the regulations pertaining to the Act, provision is made for the group life insurance of borrowers. For loans up to $20,000 or less, insurance on the life of a borrower who is a junior farmer is optional. On loans in excess of $20,000, life insurance coverage is mandatory.

Tile Drainage Act 1897 (R.S. 1960 as amended 1967). This Act makes provisions which allow a municipality to issue debentures for such sum as currently authorized under the Act in order that a municipal council can lend money for the purpose of tile, stone and timber drainage. The Act makes provisions which allow the Treasury of Ontario to purchase, acquire and hold the debentures issued for this purpose, but the total amount held cannot exceed $20 million at any one time. The interest rate on these debentures is 3 per cent.

The term of the loans for tile drainage cannot exceed 10 years, and the amount of the loan cannot exceed 75 per cent of the total cost. Repayment is by 10 equal annual installments which are normally collected with the annual tax on farm property. An inspection is made of all completed work on which loans have been arranged. The current rate of interest charged to farmers is 4 per cent.

Quebec

Quebec Farm Credit Act 1936 (R.S. 1964 as amended 1965). This Act is administered by the Quebec Farm Credit Bureau. It provides for the making of two types of loans to farmers.

A Regular Loan may be obtained from the Quebec Farm Credit Bureau for purchase of or improvement to farm real estate, to consolidate debts, to construct and repair essential buildings, and for other necessities. The loan cannot exceed 80 per cent of the appraised value of the security or $15,000. Security is by first mortgage for a term not exceeding 39 1/2 years. Payments of $20 per $1,000 borrowed are made semi-annually, including capital and interest. The interest rate is 2 1/2 per cent. While there is no specified age restriction, the borrower must be 21 years of age or older, have farm training, live on a farm, enjoy good health, and make farming his main occupation.

An Establishment Loan from the Bureau is for the purchase of an economic farm unit. The loan cannot exceed 90 per cent of the appraised value of the security or $15,000. Security is by first mortgage, and it is obligatory for the borrower to carry life insurance in an amount equivalent to the amount of the loan. The term is for 39 1/2 years. Payments of $20 per $1,000 borrowed are made semi-annually, including capital and interest. A special rebate of one-third of the amount of the loan (maximum $3,000) is granted after 10 years from the date of the mortgage deed, provided occupancy and other conditions have been met. The loan bears interest at 2 1/2 per cent. The borrower must be from 21 to 40 years of age, must reside on his farm and must make farming his main occupation.

Farm Improvement Act 1961 (R.S. 1964 as amended 1965). This Act makes provision for interest rebates to farmers and guarantees to banks and credit unions on farm loans. The Act applies to the chartered banks, the Quebec Savings Bank, the Montreal City and District Savings Bank and caisses populaires (credit unions). Providing a loan to a farmer does not exceed $7,000 for the purposes prescribed, the Act authorizes the provincial government to repay a farmer who has borrowed from one of these sources, an amount equal to the interest on the loan at 3 per cent. The provincial government also guarantees to pay such banks or credit unions up to 10 per cent of the total losses in capital and interest resulting from loans made under the Act. No repayment of interest is made on overdue payments or on extended payments past the original term of the loan.

The term of loans for the purchase of livestock, farm implements and machinery cannot exceed 5 years. Security may be held by way of assignment as outlined under Section 88 of the Bank Act or by collateral security. Five-year loans may also be made for improving drainage, clearing land, levelling, erecting fences, digging ponds and building farm roads. Where loans are made for other improvements, such as the erection or improvement of buildings or for farm equipment, the term is up to ten years and the security taken is left to the discretion of the lenders. No interest rate is specified in the Act. Farming must be the borrower's main occupation and he must reside permanently on the farm. To be eligible the farmer must be an owner, a holder of a location ticket of a farm or a war veteran operating under an agreement for sale with the Veterans' Land Act Administration.

Farm Loan Act (R.S. 1941 as amended 1964). The objective of this legislation is to enable farmers in the province of Quebec who borrow from, or have borrowed from, the federal Farm Credit Corporation or its predecessors, the Canadian Farm Loan Board or the Veterans' Land Act Administration, to benefit by somewhat similar conditions on interest rates on loans as apply to farmers who borrow from the Quebec Farm Credit Bureau.

The Act authorizes the provincial government to pay, during the period of the loan, the difference between 3 per cent interest and the rate charged by the Canadian Farm Loan Board, up to a maximum of 3 per cent, on loans made by the Board prior to March 1, 1950. The Act also authorizes the Farm Credit Bureau to pay the interest charges in excess of 2 1/2 per cent on real estate mortgage loans made by the Farm Credit Corporation or by its predecessor, the Canadian Farm Loan Board, to Quebec farmers after May 8, 1950 on that portion of the loans owing to the Corporation after May 1, 1962. This applies to loans up to $15,000. If a loan exceeds $15,000, the interest rebate only applies to $15,000. In applying the rebate to loans made prior to May 1, 1962, the balance of the principal owing on May 1, 1962, is considered the amount of the loan.

The Act further provides that the Bureau may be authorized to reimburse one-third of the borrower's debt (up to a maximum of $3,000) to the Corporation as a result of a loan obtained after May 1, 1962. This contribution is dependent on the loan being similar to a settlement loan from the Bureau; the borrower must also live on his farm and have operated it without interruption during the 10 years following the loan.

Provision is made in the Act for interest rebates to be made on loans to full-time Quebec farmers under Part III of the Veterans' Land Act from May 1, 1964, and apply to all such loans made after June 26, 1954. This interest rebate is the difference between 2 1/2 per cent per year and the rate charged by the Veterans' Land Act Administration. The $15,000 loan limit to which interest rebates pertain again applies. In applying the rebate to loans made before May 1, 1964, the balance of the principal on that date is considered the amount of the loan.

New Brunswick

Farm Adjustment Act 1966 (as amended 1967). This Act, which replaced the Farm Settlement Act, is administered by the Farm Adjustment Board. The Board may make loans for the purchase of farms, for the purchase of additional farm land, for the erection of farm buildings and facilities, and for the purchase of essential farming equipment and livestock. In addition, the Board may make loans and grants for the conversion of ineffectively used land for more effective use; for the purpose of establishing and improving woodlots; for making loans and grants to persons affected by land use and farm adjustment projects; to undertake research and investigations prerequisite to the formulation of programs and policies; and to undertake or assist in any projects involving land use or land management that are aimed at increasing substantially income and employment in rural areas. The Board may also acquire, deal with, sell, or otherwise dispose of land. All terms and conditions for the above are established by the Regulations pertaining to the Act. In most instances these Regulations merely give authority to the Board to determine the terms and conditions that will be applied.

The Regulations require that two basic conditions be observed: that the applicant for a loan, a lease, or a purchaser with respect to an agreement for sale has the necessary ability, skill and knowledge to operate the planned land unit and that the loan, lease or agreement for sale will establish an economic unit. Security on loans is by first mortgage or by other security that appears adequate to the Board. Loans on chattel security are made only to persons who have real estate transactions with the Board. Although down payments are not required by law, the Board insists on such payment and this varies from 10 to 25 per cent, depending on the circumstances. The length of term of loans is left to the descretion of the Board, but the interest rate is presently established at 5 per cent per year. Loans may be completely repaid at any time. Where loans are made for woodlots or where woodlots are given as security for a loan, an agreed management plan is required, and the cutting and sale of wood from such property can only take place after authority from the Board has been obtained.

In leasing land from the Board, a lessee must submit annual statements showing the amounts and purposes of the expenditures made, as well as the output and income from the leased land. For the first two years the rental is one dollar per year. For the third year the rent is one per cent; the fourth year, 2 per cent; the fifth year, 3 per cent; the sixth year and each succeeding year, 5 per cent of the Board's investment in the land. The lessee is required to pay all taxes and assessments charged to the premises and to maintain adequate insurance against loss and damage to the property. The lessee has security of tenure and may buy the land for cash or under an agreement for sale at any time at current market value. Where a lease is terminated by mutual agreement, the net value added to the land by the lessee is paid by the Board.

A purchaser who buys land from the Board by agreement for sale may be required to submit a statement of operations carried out on the premises and the income derived from it. The length of term and the sale price is at the discretion of the Board, but the price must be close to the appraised market value of the property at time of sale. The purchaser must maintain adequate property insurance.

Grants may be made by the Board for the establishment or improvement of woodlots, for conversion of ineffectively used land to effective uses, and to residents of property purchased by the Board. Grants to such residents may be made, provided that adequate public assistance is not available to them, they are between 55 and 65 years of age, they are incapable of sustained employment by reason of infirmity or illness, their annual income from all sources including the sale of holdings will average less than $1,200 to age 65, they deposit the proceeds from the sale of holdings to the Board to be repaid in equal annual payments to age 65, and the special annual grant does not exceed the difference between $1,200 and the income received from all sources.

Farm Credit Corporation Assistance Act 1966. This Act provides for the payment by the Province of the difference, not exceeding 3 per cent, between the annual interest of 2 1/2 per cent and that charged by the federal Farm Credit Corporation to the farmers of the Province on loans made to them by the Corporation.

Farm Loans Act 1963. Under this Act the Provincial Treasury guarantees 50 per cent of the loss or $2,500, whichever is the lesser, to a bank or credit union which makes a loan to a farmer for the purchase of cattle, sheep or swine. To be reimbursed, the loaning institution must report each loan within a prescribed time and must report the loss within five years of the time in which the loan was made or within a time that may otherwise be prescribed.

Nova Scotia

Agriculture and Rural Credit Act 1967. This Act repealed Part XIX of the Agriculture and Marketing Act of 1964, which made provision for the making of loans to farmers. The new Act is administered by the Nova Scotia Farm Loan Board. The purpose, powers and duties of this Board are: to make loans to, or to guarantee loans of, a borrower for the purpose of acquiring or improving any farm, plant, machinery or equipment; to acquire, hold or dispose of farm land and buildings; to subdivide agricultural lands; to acquire, hold and dispose of livestock, agricultural machinery and equipment and any other equipment that the Board may consider essential to the borrower's success; to erect buildings, make permanent improvements and carry out farming operations on land owned by the Board; to acquire land for the purpose of agricultural production under the Expropriation Act, and any other duties that may from time to time be required by the Minister of Agriculture and Marketing.

The Board is given the responsibility of making regulations, regarding applications for loans, terms and conditions of loans, rates of interest and borrower's insurance requirements. The regulations are divided into six parts.

Part I outlines requirements that must be met by applicants for a loan. A $50 deposit is required with the first application for a loan. A $15 service charge is made on all loan applications which are investigated.

Part II makes provision for loans to commercial farmers. A commercial farmer is defined as a borrower over 35 years of age, who obtains over 50 per cent of his gross income from farming or who operates or intends to operate a farm from which the annual gross sales will be in excess of $10,000. A borrower may be an individual, a partnership or a limited company. Loans totaling up to $100,000 can be made to a borrower by the Board and may be made for larger amounts with the approval of the Governor in Council. The loan period cannot exceed 30 years. The rate of interest is 5 per cent unless otherwise prescribed by the Board and on arrears is six per cent per year. Security is by mortgage on real estate. In the case of a partnership or company a personal guarantee of the partners or shareholders may also be required. Repayments may be monthly, semi-annually or yearly. The Board may lend up to 90 per cent of the appraised value of real estate or up to 75 per cent of the value of real estate and chattels, providing farm machinery does not represent more than 25 per cent of the security offered or that farm machinery and livestock together do not represent more than 40 per cent of the security required.

Part III provides for loans to young farmers who are between 21 and 35 years of age. Obligations of a borrower to the Board cannot exceed $100,000. Loans cannot exceed 90 per cent of the appraised value of real estate or 75 per cent of the appraised value of real estate and chattels. However, exceptions may be made when the applicant has less than a 10 per cent equity in the value of real estate or less than a 25 per cent equity in real estate and chattels, providing the applicant can provide a satisfactory guarantor for the full 10 per cent or 25 per cent. In such cases, the applicant must satisfy the Board that he has available $4,000 in cash or its equivalent to use in farm operations. The loan period is up to 30 years at an interest rate of 4 per cent for the first 10 years,

after which time the rate is to be set by the Board in accordance with regulations then in force. All arrears are at 5 per cent per year. Each borrower must submit an annual progress report, accept supervision of his farming operations, and pay an annual supervision fee of $25. Where a loan is for the purpose of effecting capital improvements to real property, the Board may defer repayment of principal for two years from the date of the loan, forgive interest charges during this period, and apply the 4 per cent interest charges only after the period of deferment.

Part IV provides for loans to part-time farmers. A part-time farmer is defined as one who operates a farm or intends to operate a farm where less than 50 per cent of his net income is obtained from farming and where the gross sales of agricultural products exceed $1,200 per year. Loans may not be made where the obligations of the borrower to the Board exceed $20,000. Mortgage security on real estate cannot exceed 75 per cent of the appraised value. The term of a loan cannot exceed 20 years. The interest rate is 6 per cent per year and 7 per cent on arrears. The Board may lend additional funds to such borrowers for repairs to buildings but not for building improvements, livestock, equipment or machinery.

Part V makes provision for loans to assist an applicant to purchase a house which has become surplus as a result of the ARDA Farm Consolidation and Land Use Project. Consideration is given to the location of the house from the standpoint of roads, services, the applicant's employment, and to the applicant's being able to show financial responsibility to repay the loan. Loans cannot exceed $8,000 and must be repaid within 20 years with interest at 6 per cent. Accounts in arrears are charged 7 per cent. Security is by real estate mortgage. Additional funds may be granted for effecting repairs and renovations but the total of all loans cannot exceed 75 per cent of the appraised real estate value.

Part VI provides that loans may be made to assist applicants to purchase, transport and install tile damage, where the tile has been installed according to plan or by approval and where the installed tile has been inspected and the account certified. Security is by first or second mortgage on real estate. The amount of the loan may be up to 75 per cent of the net cost of the installed tile to the farmer but cannot exceed $75 per acre. The maximum length of the loan is 10 years. The interest rate is presently 4 per cent, with 6 per cent being charged on overdue accounts.

Prince Edward Island

Assistance to Establish Young Farmers Act 1959 (as amended 1967). This Act is administered by the Prince Edward Island Farm Establishment Board. The Board may make loans to individuals who have two years of farming experience and who are between the ages of 21 and 50 years and who have two years residence in Canada. The applicant must show intent to be a full-time farmer. The loan cannot be more than 85 per cent of the appraised value of the security or $10,000. An additional loan may be granted for the purchase of land up to a maximum of $10,000 or 85 per cent of the appraised value of the security offered. Loans may be made for the acquisition of land for farming purposes, for improvements, to consolidate outstanding liabilities, to provide drainage, and to purchase livestock, seed, fertilizer, farm machinery and the equipment necessary for the proper operation of a farm. Land and buildings are appraised on the basis of their value for farming purposes. Loans are secured by first mortgage on farm land, chattel mortgage, life insurance policies or other securities. All loans now being made are secured by a group life insurance policy. The repayment period is up to 25 years. Repayments are so arranged that a low first payment is possible. The interest rate on loans (5 per cent in 1967) is set by the Lieutenant-Governor in Council. Progress reports are required. Legislative provisions are made for supervision.

The Farm Establishment Board is financed by loans from the banks. These loans are guaranteed by the provincial government.

Newfoundland

Farm Development Act 1953 (Regulations as amended 1959). This Act is administered by the Farm Development Loan Board under the Minister of Mines, Agriculture and Resources. The Act was designed to aid qualified farmers to improve or to enlarge their farming operations.

Under the Act, a qualified farmer may obtain a loan of up to $3,500 for the improvement of farm lands, up to $3,500 for the purchase of livestock and up to $3,000 for the purchase of farm equipment. The loans made for the improvement of farm lands or the purchase of livestock cannot exceed 75 per cent of the appraised value of the security offered. Loans made for the purchase of farm equipment cannot exceed 70 per cent of the cash price of such equipment. The loans are to be repaid in monthly, semi-annual or annual installments over a period not

exceeding 12 years. As security for the repayment of loans, the Board usually requires a mortgage on land and buildings. In some instances, a chattel mortgage is accepted. The Board may also make loans for the purpose of constructing buildings other than dwelling houses, to farmers engaged in fur farming. Such loans cannot exceed 70 per cent of the appraised value of the land and buildings. These loans may be paid in annual installments over a period not to exceed 10 years. The interest rate on all loans is 3 1/2 per cent, under an amortization plan.

The Farm Development Loan Board is financed by funds from the provincial government to the Farm Development Loan Fund. The Board administers the Fund and such other moneys as may from time to time come under its control.

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